

THE COMMUNITY AIDS REPORTING SYSTEM (CARS)

May, 1994

Introduction

No financial management manual would be complete without at least some discussion of the process by which entities providing services under a contract with the Department of Health and Social Services are to be reimbursed. While a very detailed presentation of the process can be found in the [Community Aids Reporting System](#) (CARS) *Accounting Reports Manual*, a short overview is provided here.

It all starts with a contract

Aids contracts between the Department of Health and Social Services and other organizations determine how the CARS system calculates and produces payments. The Department of Health and Social Services contracts with over 800 municipal and non-municipal agencies to provide services within their communities. Payment related contract information, such as the contract period, contract limits and the timing of payments, is entered into CARS.

Contract information is entered into the CARS system after all parties have signed the physical contracts. To ensure timely payments, contracts should be executed, sent to the recipient of funds, signed and returned to the Department of Health and Social Services timely. Contract payments cannot be made before signed contract copies have been received by the CARS unit within the Department's Bureau of Fiscal Services.

Expenditure reports are essential

Agencies report expenditures to the Department of Health and Social Services to receive reimbursement. The forms to be used for reporting purposes are specified in the contracts between DHSS and the agencies. Additional guidance on reporting expenditures may be found in contract specific manuals and/or the [CARS Accounting Reports Manual](#) for Counties, JOBS agencies, Tribes or Child Support agencies. Questions on what to report should be directed to the DHSS Contract Administrator listed in the contract; questions on how to report should be directed to the CARS Unit at the address at the end of this document.

Reported expenditures are entered into the CARS system, processed and reimbursements calculated

according to the terms of the contracts or grant agreements. The dates payments are issued to agencies are set in the contract between DHSS and the agencies.

Payments are produced monthly

The CARS system is run and reimbursement calculated once per month. Reports received by each monthly cut-off are included in that month's run and reimbursements issued the first part of the following month. Expenditure reports received after the monthly cut-off are included in the following month's run.

A report (the DMS-603) is provided for each payment to explain how the payment was calculated. These should be retained to facilitate the reconciliation process described below.

Pre-payments are made for some contracts

Because of timing considerations, pre-payments are made for many contracts. The purpose of pre-payments is to provide the cash needed by agencies to operate during the time between when costs are incurred, reported and reimbursed.

If the full amount of the pre-payments have not been earned by the end of the contract period, the Department of Health and Social Services will recover the amount outstanding by reducing other payments to an agency or requiring the agency to remit the outstanding balance.

Reconciliation, a necessary task

Agencies are responsible for timely and accurate expenditure reporting and for periodically reconciling reported expenditures and payments to their accounting records. By reconciling this information, agencies verify that they have fully and accurately reported allowable costs.

The Department receives a number of audit reports each year in which auditors disclose that agencies have either under-reported or over-reported expenditures because they did not reconcile their expenditure reports to the agency accounting records on a periodic or timely basis. The results of not reconciling are that the agency may lose the opportunity to claim funds that were available -- or worse -- that the agency needs to pay back funds which were unearned. The DMS 603 reports mentioned above, which are provided for every reimbursement check that an agency receives through the CARS payment processing system, should be retained and used to reconcile reported expenditures to the agency's accounting records.

While payments in excess of contract limits will not be made, reporting all allowable costs gives a more accurate picture of the costs of providing services. Therefore, all allowable costs should be reported, even if they exceed the contract. Complete information on the costs of providing services, even if the costs are not fully reimbursable, will put the agency in a better position to develop future budgets and

make other necessary financial decisions. In addition, disallowed costs, disclosed in an audit, may be offset against reported costs in excess of contract amounts.

Where can I get more information?

The material above is a thumbnail sketch of the main features of the department's expenditure reporting and payment processing system. For additional and more detailed information consult the following sources:

The [*CARS Accounting Reports Manual*](#) is published annually with periodic updates as necessary. Manuals are issued to Counties, JOBS agencies, and Tribes by the Department.

The contract administrator listed in each contract should be consulted for information which is contract specific. If you are not sure whether your question is contract specific, you can first contact your contract administrator who will direct your inquiry to another person in the department, when necessary.

For specific information about expenditure reports or payment processing, or for any items not addressed by consulting the CARS manual or your contract administrator, contact the CARS Unit at the following address:

CARS Unit
Bureau of Fiscal Services
P.O. Box 7850
Madison WI 53707-7850

Please note that updated phone listings of CARS Unit staff, with program assignments, are distributed periodically.

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